

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
DIRECTOR
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
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Detroit, Michigan 48226
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ANNE MARIE LANGAN
DEPUTY DIRECTOR
(313) 224-1078

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director *ICJ*

DATE: April 8, 2008

RE: Randy K. Lane, P.C., CPA Accounting Services for preparation of City's CAFR Contract-CPO 2722652 (**not** 2620623, as previously numbered) (Change Order No. 1)-100% City Funding; Contract Increase \$350,000, Not to Exceed \$460,000 (**Recommend Approval**)

Introduction

The Randy Lane contract-change order number 1 for accounting services that would be provided to the Finance Department through November 17, 2008 was discussed verbally during the Budget, Finance and Audit Standing Committee meeting held last Friday on April 4th.

Finance has previously responded to questions raised by Councilwoman Sheila Cockrel-see Attachment I. Finance has also responded to questions we in Fiscal emailed to them-see Attachment II.

Accounting Services Provided by Randy Lane, P.C., CPA

Mr. Lane's original contract approved on November 17, 2006 was for \$110,000. The contract was for providing accounting services to assist in the preparation of the CAFR (Comprehensive Annual Financial Report) as of June 30, 2006. Specific services provided by Mr. Lane included:

- 1) Cash, inventory, construction-work-in-progress, and property, plant and equipment account analysis;
- 2) Airport, Parking and Water Fund account reconciliation, financial statement preparation and consolidation
- 3) Assistance in preparation of "prepared by client" schedules for the external auditors;
- 4) Capital asset and fixed asset analysis;
- 5) Pension funding analysis;
- 6) GASB 10, 14 and 34 research and implementation; and

7) Grant accounts receivable and legal reserve analysis and CAFR review.

All of the above services provided by Mr. Lane related to the preparation of the June 30, 2006 CAFR. Council understands now that it took a long time producing the 2006 CAFR. Finance needed the services provided by Mr. Lane in order to help produce this CAFR because:

- The CAFR has become extremely complicated because of new accounting rules and pronouncements;
- The Finance Department suffered too many layoffs over the last few years and, even though Council restored some of the positions, the department has had difficulty hiring qualified people at current salaries offered by the City; and
- Finance lost a key individual in its financial reporting section, which principally is responsible for preparing the CAFR.

Unfortunately, City Council will need to continue to hire outside contractors to provide accounting services until the City is able to ramp up staffing in accounting and provide the necessary training to keep up with the ever-changing accounting rules. This may take 3 to 5 years.

Actual Costs of Randy Lane's Accounting Services

It is very troubling that even though Mr. Lane's original contract was for \$110,000, it turns out that he was actually paid \$265,506, or \$155,506 more than the original contract amount. The additional money was paid to Mr. Lane for services related to the preparation of the 2006 CAFR.

The extra \$155,506 was paid to Mr. Lane through a series of "confirming purchase orders", which were processed using amounts under \$25,000. Apparently, the Administration has used "confirming purchase orders" on other occasions to deal with emergency services provided by contractors. In this case, Mr. Lane was called upon to provide emergency accounting services to help produce the 2006 CAFR, which process became very messy.

The Administration has agreed to use confirming purchase orders only on a very limited basis for emergencies, with the understanding that any confirming purchase order that represent a payment request for an emergency service would be first submitted to Council for approval. In addition, each department requesting the confirming purchase order must indicate when an amended contract request would be submitted to City Council for approval.

I find this process reasonable, but again only on a limited basis. Council should note that Mr. Norman White, Chief Financial Officer, has signed a letter explaining the new confirming purchase order process, and that an official financial directive codifying this process will be submitted to Council no later than

the week of April 21st, with the goal that this new directive could be discussed during the Budget, Finance and Audit Standing Committee meeting on April 25th.

Attachment III represents a copy of Mr. White's letter.

Randy Lane, P.C.'s Change Order No. 1

Change order number 1 to Mr. Lane's original contract of \$110,000 increases this contract by \$350,000 to come up with a not to exceed contract amount of \$460,000. The contract period ends November 17, 2008.

Attachment IV represents amendment number 1 to Mr. Lane's contract, which includes the Scope of Services. This Scope of Services is much more specific than the original one under the existing contract in that it provides a good description of the accounting services to be performed by Mr. Lane to assist in preparing the June 30, 2007 CAFR, along with a list of about 38 schedules or reports designated as Project Objective/Deliverables Mr. Lane is to produce in aiding Finance to complete the 2007 CAFR by November 2008, as promised by Mr. White to the State Treasurer.

Council should note, too, that in the Scope of Services, Mr. Lane is required to inform the City whenever he feels additional or expanded work is warranted. The City will make the judgment call to authorize any additional/expanded work. Of course, any services requiring additional funds outside the limit of the amended contract would come to Council for approval. It is important to note, too, that there is no language in the Scope of Services indicating that Mr. Lane would be allowed to supervise City staff. This was a concern of Councilwoman Sheila Cockrel.

The features in the Scope of Services just described allow Finance, the Auditor General's Office and the Budget, Finance and Audit Standing Committee to better monitor Mr. Lane's contract.

Council should note that Randy K. Lane, P.C. has been certified as a Detroit Headquartered Business, Minority-Owned Business Enterprise, Detroit Based Business and Detroit Small Business by the Human Rights Department.

Recommendation

I feel the new Scope of Services under the amended contract would help produce a more quality 2007 CAFR document with supporting schedules and reports that should help to keep external auditor costs spent to review and opine on the 2007 CAFR in line.

I recommend approval of change order number 1 to the Randy K. Lane, P.C., CPA contract.

Attachments

cc: Council Divisions
Auditor General's Office
Norman White, Chief Financial Officer
Mike Bridges, Chief Accounting Officer
Roger Short, Finance
Pamela Scales, Budget Director
Kerwin Wimberly, Mayor's Office

ICJ:\ICORLEY\Randy Lane CPA Accounting Services Contract April 2008.doc



CITY OF DETROIT
FINANCE DEPARTMENT
ADMINISTRATION

Attachment I

1200 CAY Municipal Center
PHONE (313) 224-3491
FAX (313) 224-4400
WWW.CI.DETROIT.MI.US

TO: Councilwoman Sheila M. Cockrel
Chair of the Budget, Finance and Audit Standing Committee

FROM: Norman White *NW*
Chief Financial Officer/Finance Director

RE: Response to questions concerning Contract No. 2722562 – Randy K. Lane, P.C., C.P.A. (Change Order No. 1)

DATE: April 2, 2008

The following are responses to the questions posed by the committee on the above contract:

1.) The current contract was for an amount not to exceed \$110,000. According to information from DRMS, provided to my office by the Fiscal Analysis Division, this vendor was paid \$254,565 by way of purchase order invoices. (See attached.) Who authorized payment of invoices in excess of the \$110,000 contract amount? Why wasn't a change order submitted to the City Council for approval when it became obvious that that preparation of the 2005-2006 CAFR required the vendor to perform substantially more work than originally contracted for?

Payment to this vendor occurred as a result of a series of "confirming Purchase Orders", which were processed according to recent practices. The Amendment to the vendor's contract was planned prior to reaching the maximum. But the request for Amendment was held until the fiscal year 2006 CAFR could be issued, which took much longer than expected. Right or wrong, we did feel it was advisable to seek the Amendment before the total costs (including the costs associated with this vendor's efforts) for completing the fiscal year 2006 CAFR were known. This same scenario of CPO Invoices exceeding the contract occurred with vendor Wolinski & Co., who also provided accounting services for 2005-2006 CAFR.

2.) Please provide a copy of each and every invoice for "Randy Lane PC" listed on the attached spreadsheet.

Please see Attachment I; Vendor Invoices dated 11/3/06-3/17/08.

3.) What mechanisms will be put in place to ensure that payments to this vendor do not exceed the proposed amended contract amount?

The practice of paying vendors on the basis of Confirming Purchase Orders has been discontinued. Thus without approved Purchase Orders, with available funds, future payment to this and other vendors will not occur.



Sheila Cockrel
Pg. 2

4.) This change order is a mechanism to obtain City Council approval for this vendor's invoices, after the vendor has already been paid on the invoices, correct?

Yes.

5.) Who drafted the "First Amended Exhibit A Scope of Services" and "First Amended Exhibit B Fee Schedule?" Has the Law Department reviewed these amendments? If so, why did the Law Department approve this language? It appears that the vendor drafted its own scope of services, inserting terms and conditions more favorable to the vendor than in the original contract.

The vendor drafted its arrangement letter, which is consistent with their practices. Sections of that letter were included into the contract by staff of the City, including staff of Finance, Purchasing & Law Departments. The language including the vendor's letter does not supersede the terms of the contract. We have modified the language in the Scope of Services section to clearly state the vendor's responsibilities.

6.) The Amended Scope of Services states that the vendor shall "Assist the City's Director of Finance in the areas of City-wide accounting control and reporting, *including supervision support of the City's staff . . .*" Contract vendors are not allowed to supervise City employees. Please explain the reason for this language in the Scope of Services and comment whether this language should be removed.

Any and all references to the vendor supervising staff of the City have been removed. The vendor and the Finance Department are fully aware that vendors cannot supervise city employees.

7.) The Amended Scope of Services states "See Exhibit I – Sample of Audit Schedules that Lane-CPA may assist and/or prepare in connection with the fiscal 2007 audit." I do not see a document entitled Exhibit I. Please provide same.

Please see Attachment II; KPMG's Listing of Audit Supporting Schedules.



Sheila Cockrel
Pg. 3

8.) The Amended Fee Schedule sets out different billing rates for different skill levels. Who will provide these various services? Employees of Randy K. Lane, P.C., C.P.A.? Private contractors pursuant to subcontracts? Mr. Lane himself? Will any former City employees perform any of these services? The original contract states that none of the services covered by the contract shall be subcontracted without the prior written approval of the City. Please provide the names and approval dates for all subcontractors the vendor is using or intends to use to perform this contract.

Randy K. Lane, P.C., is a small business and currently doesn't have employees. This table of fees were included should the vendor add employees and those were assigned and accepted to participate under the contract. The vendor is aware of the need to have the City approve any employees or subcontractors, prior to providing service to the City. To date, there are no employees or subcontractors to approve.

9.) Please provide a copy of "Lane-CPA's established management advisory rate structure," as referred to in the First Amended Exhibit B Fee Schedule.

Please see Attachment III; Vendor Arrangement Letter dates 2/6/2008, Pg. 3, "Fee Schedule" Section.

10.) Will subcontractors retained by Lane-CPA be paid directly by the City or through Lane-CPA? If subcontractors will be paid through Lane-CPA, please indicate what rates they will be paid (versus the rates charged to the City) for work performed in the various categories identified on the First Amended Exhibit B Fee Schedule.

Any subcontractors utilized by the vendor in the future, would be paid by the vendor. However, prior to use of any subcontractors, the vendor will need to obtain the necessary city approvals, including the appropriate clearances by Human Rights, Purchasing and Income Tax.

11.) Will the City still require the services of Wolinski & Company, CPA, PC if Lane-CPA is providing various levels of service under this Amended Scope of Services?

No decision has been made at this date, regarding Wolinski & Company, CPA, P.C.



Sheila Cockrel
Pg. 4

12.) At what rate(s) was Lane-CPA billing the City in invoices pursuant to the original contract? The current fee schedule does not set out hourly rates.

Please see Attachment IV: Vendor's Response to the City's Request for Qualifications File #19632, pg. 6-7.

13.) Did Lane-CPA utilize subcontractors during the performance of its duties under the original contract? If so, please provide the names of the subcontractors and any contracts between Lane-CPA and its subcontractors.

No.

14.) Section 8 of the original contract states that the vendor agrees to indemnify, defend, and hold the City harmless against and from any and all liabilities that may be imposed by its negligent or tortuous acts, etc. The Amended Scope of Services states that Lane-CPA's liability is limited to charges paid to Lane-CPA for the portion of its services or work giving rise to liability, unless due to gross negligence or willful misconduct. The Amended Scope of Services conflicts with the language of the original contract. This vendor should indemnify the City for *any* act of negligence. Please comment.

The vendor is required to comply with the terms of the City's contract.

15.) The Purchasing Department file contains a memorandum entitled "Waiving of Insurance Certificate for Randy K. Lane PC Professional Services Contract." Is this vendor required to maintain a general liability policy? If not, why not? Please provide proof that the Law Department approved of this waiver.

Please see Attachment V.

Attachments

cc: Honorable City Council Members
Mr. David D. Whitaker, Research and Analysis Division
Mr. Irvin Corley, Fiscal Analysis Division
Mr. Marcell Todd, City Planning Commission
Mr. Kandia Milton, Chief of Policy, Mayor's Office
Mr. Kerwin Wimberley, City Council Liaison, Mayor's Office



ATTACHMENT II

Health Care & Public Sector

To Simeon Ohakpo
City of Detroit Municipal Parking

Date July 11, 2006

From Mike Dingwall
KPMG, LLP

Ref PBC Listing Parking06.doc

PBC Listing for Fiscal Year 6-30-06 Financial Statement Audit

The following items are requested:

- Trial balance as of and for the year ended June 30, 2006 (Net assets need to rollforward from the prior year).
- Balance Sheet, income statement, and cashflow statement in the CAFR format with a reconciliation to the trial balance.
- Balance sheet and income statement comparing June 30, 2006 to June 30, 2005 and a detailed explanation on major fluctuations.
- Notes for the financial statements.
- Account reconciliations to support all amounts in the trial balance.
- A list of all cash and investment accounts (with contact information for confirms) with their corresponding year end balance.
- Bank and investment statements as of June 30, 2006 with reconciliations.
- GASB 40 support
- Daily Car Park Reports with corresponding deposit slips. (KPMG will select a sample). Daily Car Park Reports need to reconcile to the trial balance.
- A listing of AGED accounts receivable by customer and a reconciliation to the trial balance.

*PBC Listing for Parking Financial Audit
July 11, 2006*

- Revenue Analysis workpapers for the fiscal year by type of revenue (rent, CTSF, Arena, etc.)
- A list of prepaid expenses and other assets.
- Payroll ledgers by employee and time period for the entire year. The total payroll registers need to be reconciled to the trial balance.
- Listing of Purchase Orders issued for the fiscal year (KPMG will select a sample).
- Listing of Invoices and corresponding receivers (KPMG will select a sample).
- Accounts payable subledger with a reconciliation to the trial balance.
- Check registers subsequent to year-end to the date KPMG is in the field.
- Listing of all accrued expenses and support for those accruals.
- Rollforward of long term debt by debt issue. This includes additions (if any) and payments.
- Listing of future debt service obligations by year.
- Support for accrued interest payable.
- Bond discount/premium rollforward by debt issue with calculation for current year amortization.
- Bond issuance cost rollforward by debt issue with calculation for current year amortization. A separate analysis needs to be prepared comparing recorded accumulated amortization on the straight line basis verse amortization calculated using an effective interest method.
- CWIP Schedule as of 6-30-06. This should rollforward each individual project from 6/30/05 to 6/30/06 showing additions and transfers to depreciable assets. There should be a detailed explanation for each project explaining what it is, the percent complete, and why it is not transferred into depreciable assets.
- Schedule of assets that have been transferred from Capital WIP to Fixed Assets.
- List of capitalized interest (if any).

*PBC Listing for Parking Financial Audit
July 11, 2006*

- Fixed asset roll forward which has a beginning balance that ties to prior year CAFR, additions, disposals, and ending balance.
- Details list by asset of depreciation expense and accumulated depreciation as of June 30, 2003 of each class of assets
- Detail subledgers to support all current year fixed asset additions and disposals.
- Land and Improvement, Entertainment Facilities, Site Prep and Parking Facilities, Service Devices general ledger as of year-end
- Listing of Attorneys.
- Listing of Contractors for the year 2005-2006.
- Listing of Concession and Suite Lease Payments as of 6/30/06.
- Due to and Due from Schedule 6/30/06 that is aged.
- Schedule of accrued compensated absences, accrued pension & employee benefits.
- Support for accrued compensated absences.
- Detailed listing of all journal entries made for the entire year (both manual and system generated) including post closing entries.
- GASB 42 Analysis for impairment of capital assets.

KPMG will need additional information as the audit progresses. If you have any further questions, please contact Melissa Reaves 313-230-3248

Thank you,

Mike Dingwall

RANDY K. LANE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

719 GROSVELE, SUITE 820
DETROIT, MICHIGAN 48226
TELEPHONE 313 961 1181 FAXSIMILE 313 961 1182

February 6, 2008

Mr. Michael Bridges
Chief Accounting Officer
CITY OF DETROIT, MICHIGAN - FINANCE DEPARTMENT
2 Woodward Avenue, Suite 801
Detroit, Michigan 48226

Dear Mr. Bridges:

This letter will serve as a confirmation of RANDY K. LANE, P.C.'s (Lane-CPA) understanding of the arrangements made with you to extend Lane-CPA's contract (Contract No. 19632) in connection with assisting the CITY OF DETROIT, MICHIGAN (the "City") in the following areas of its financial administration and reporting:

Scope of Services

- Assist the City's Director of Finance in the areas of City-wide accounting control and reporting, including supervision support of the City's staff; and implementation of processes and practices designed to improve financial control over and efficiency in use of City assets.
- Assist City staff in the preparation for the annual audit of the City's financial statements. Such assistance shall include assisting in closing the books for fiscal year end June 30, 2007 and 2008; preparing necessary audit support schedules; and discussion with the financial statement external auditors.

See Exhibit I - Sample of Audit Schedules that Lane-CPA may assist and/or prepare in connection with the fiscal 2007 audit.

RANDY K. LANE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael Bridges
February 6, 2008
Page 2 of 5

- Assist City staff in the overall management of the external audit of all funds of the City; including assisting in managing communications with the external auditors with the goal identifying enhanced audit efficiencies and adherence of a scheduled timeline, which is yet to be determined.
- Assist City staff in implementing processes designed to produce City-wide periodic (i.e., monthly or quarterly) financial statements for review and further control of the City's assets.

Other professional advisory services shall be provided on an as needed basis.

During the course of our work, matters may come to our attention that might warrant the performance of additional or expanded procedures. Should any such matters come to our attention, we will discuss them with you promptly in order for you to assess the need for additional or expanded work. However, it is our understanding that the above-described procedures are sufficient for your purposes. We make no representation regarding the sufficiency of these procedures for your purposes.

It is our understanding that the work we have been requested to perform is to begin at the earliest possible date, and complete City staff support necessary to ensure success of this engagement will be made available. From the start of the engagement, we will provide oral updates of matters of importance and our thoughts to resolve such issues. The decision as to whether to accept any recommendations as a result of the procedures described above lies solely with the City.

We have made the following assumptions concerning this arrangement:

The City's staff shall be fully and solely responsible for applying independent business judgment with respect to the services and work product provided by Lane-CPA, to make implementation decisions, if any, and to determine further courses of action with respect to any matters addressed in any advice, recommendation, financial report or other work product or deliverables to the City.

The City shall remain responsible for its financial reports, as well as for establishing and maintaining its policies (including finance and accounting policies) and an effective overall system of internal controls. The City shall cooperate with Lane-CPA in Lane-CPA's performance of such City of Detroit, Michigan policies.

RANDY K. LANE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael Bridges
February 6, 2008
Page 3 of 5

The City will provide reasonable work space, desks, storage, furniture and other normal office equipment support for Lane-CPA personnel at its worksite, including adequate computer resources, telephone service, postage, copying, general office supplies and occasional secretarial support services.

Fee Schedule

Consistent with Lane-CPA's established management advisory rate structure, as discounted for government assignments, our fees will be based on the specific hours to complete the work described above at the following billing rates:

Director	\$ 180
Manager	\$ 148
Senior	\$ 99
Experienced Staff	\$ 82
Staff	\$ 55

Billings for professional service shall be made twice a month, occurring approximately on the 1st and 16th of each month. Each billing shall be based on the actual hours incurred under to the aforementioned *Scope of Services*, during the billing date's preceding period. Payment of each billing is expected within 10 days of the City's receipt.

It is envisioned that in addition to Randy K. Lane (Director) up to two (2) additional staff persons will be assigned to this engagement. The City and Lane-CPA are not joint employers for any purpose of this Engagement. Lane-CPA will determine how to staff its services; subject to the City's review and acceptance of estimated costs. Lane-CPA reserves the right to replace or reassign its staff as necessary, subject to the provision pertaining to estimated costs to the City.

During the term of this Agreement and for six months following its termination, the City shall not employ, solicit or make any offers to employ any Lane-CPA staff used by Lane-CPA in the performance under this agreement, without the prior written consent of Lane-CPA. Lane-CPA shall be entitled, in addition to any other remedies it may have under law or in equity, to a payment from the City in an amount equal to one-year's salary of any Lane-CPA staff the City employs, solicits or offers to employ in violation of this paragraph.

RANDY K. LANE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael Bridges
February 6, 2008
Page 4 of 5

Termination of this agreement may be caused by either the City or Lane-CPA by providing in writing, a notice to terminate. Such notice shall be effective upon receipt by the other party, with no addition cost to be incurred by the City, with exception to any unbilled charges prior to the receipt of the notice to terminate. The City will assess the effectiveness of this agreement at a minimum within three months upon its effective date and determine whether to continue. However, as stated above, either party may terminate the agreement at any time by providing a written notice to terminate.

Unless due to gross negligence or willful misconduct of Lane-CPA's personnel, maximum liability relating to services rendered under this letter (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to Lane-CPA for the portion of its services or work products giving rise to liability. This provision shall survive the completion of this engagement.

Our work product, if any, is for your use only. If you provide our work product to others without our authorization, the City shall indemnify and hold harmless Lane-CPA and its personnel from and against any claims, costs and expense (including, without limitation, attorneys' fees and the time of Lane-CPA personnel involved) paid or incurred by Lane-CPA relating to such claims brought against Lane-CPA by such unauthorized parties or liabilities which arose out of or relating to Lane-CPA's services under this letter. We agree the City will not be held responsible for any claims, liabilities, costs or expenses brought against, incurred or paid by Lane-CPA which was not a direct result of the City's breach of this letter by providing our work product to an unauthorized party. This provision shall survive the completion of this engagement.

The City shall have the right to defend against and settle any claims for which it is responsible for under the indemnification provision provided under the foregoing sentence. Should the City choose to defend such claims, Lane-CPA shall have the right to participate in the defense at its own expense. This provision shall survive the completion of this engagement.

RANDY K. LANE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael Bridges
February 6, 2008
Page 5 of 5

Please confirm your agreement with the above terms by signing a copy of this letter and returning it via regular mail. It is our pleasure to have this opportunity to be of service to you, the City of Detroit, Michigan.

Very truly yours,



City of Detroit, Michigan

Agreed and Accepted:

Signature

Date

Name

Title

ATTACHMENT IV

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

AUGUST 18, 2006

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

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RANDY K. LANE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

7700 CANTON, SUITE 820
DETROIT, MICHIGAN 48226
TELEPHONE 313.961.1111 FAX 313.961.1111

August 18, 2006

Ms. Tina Clinkscales
Purchasing Manager
CITY OF DETROIT
1008 Coleman A. Young Municipal Center
Detroit, Michigan 48226

Dear Ms. Clinkscales:

Thank you for the opportunity to present our Firm's qualifications to provide Accounting and Consulting Services for the City of Detroit. We believe that we are the best solution to the issues outlined in the RFQ File Number 19632, for the reasons presented in the attached Response.

Though our Firm is a relatively new and a small practice, we are uniquely qualified to meet and exceed your expectations for this project. Reasons for such claim include the following:

- Prior Experience - Our Managing Director, Randy K. Lane, CPA, is best positioned to lead this project. His previous experience with Arthur Andersen, where he led and managed the audits of the City of Detroit, and many affiliated entities (e.g., Municipal Parking, Water and Sewerage, Department of Transportation, etc.) for the years 1992 through 2002 makes him uniquely qualified. It was during those years that the City of Detroit was able to meet its goal of delivering the CAFR within six-months following its fiscal year. Mr. Lane was significantly involved in those efforts leading to this accomplishment and it is our expectation that similar results will be attained with our assistance in 2006.
- Our commitment to the City of Detroit - We are and have been committed to the success of the City. We are headquartered in Detroit and remain focused on working with Detroiters. We have outstanding rapport with City Personnel. Finally, we understand the present budget pressures the City is facing, and will manage our cost of services to prevent surprises.
- Results driven - Our Firm's foundation is based on the results of each project as measured by Client satisfaction. We expect that our Firm will grow in staffing, but that is not our primary objective. We are instead focused primarily on your satisfaction. By achieving such goal and objective, we will become larger to meet greater needs of the City of Detroit and other metro Detroit organizations.

Ms. Clinkscales
August 18, 2006
Page 2 of 2

Again, thank you for this opportunity to present our qualifications for the stated *Scope of Work*. We look forward to further discussion and should you have any questions, please do not hesitate to contact me.

Very truly yours,

RANDY K. LANE, P.C.

By
Randy K. Lane, CPA

cc: Mr. Roger Short, CPA
Mr. Michael Bridges, CPA

Attachment

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

TECHNICAL INFORMATION

Firm Background

Randy K. Lane, P.C., Certified Public Accountants (or Lane-CPA) was established in November 2002, and commenced operations in January 2003. The Firm is 100 percent owned by its President, Randy K. Lane, CPA.

The Firm's present headquarters are located in downtown Detroit's Financial District at 719 Griswold, Suite 820, Detroit Michigan 48226.

The establishment of Lane-CPA was necessitated by the demise of Arthur Andersen and its local Detroit office in August 2002. Prior to the closure of Arthur Andersen, Mr. Lane had served as a Partner with Arthur Andersen since 1998. Upon the closure of Arthur Andersen, Mr. Lane elected to begin his career as an entrepreneur, in order to focus on opportunities and challenges best addressed by a local, Detroit based firm.

Those opportunities and challenges were consistent with Mr. Lane's passion to bring quality financial accounting and audit services to our local community. The opportunity was, and still is, the fact that quality services are needed in our community. And in many cases, there is an opportunity for a new firm like Lane-CPA to close the gap between i) our community's expectations and ii) the level of performance and results provided. The challenges include the community's present economic condition, whereas many local organizations are suffering from reduced revenues, while trying to maintain services and jobs consistent with the past.

While at Arthur Andersen, Mr. Lane was able to personally satisfy his passion for being a part of the local community's solution, while gaining considerable audit and consulting experience in the state and local government sector. A sample of the clients served in this sector is as follows:

- City of Detroit
- Detroit Department of Housing
- Detroit Department of Transportation
- Detroit Transportation Corporation
- Detroit Public Schools
- State of Michigan - Bureau of the Lottery
- Michigan State University
- Eastern Michigan University

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

In addition to serving the state and local government sector, Mr. Lane has conducted numerous audits and consulting engagements with a number of local non-profit organizations, including the following:

- United Way for Southeastern Michigan
- American Cancer Society
- American Heart Association
- Holy Cross Children Services
- Boys and Girls Republic

Mr. Lane's passion for the community has over the years also been demonstrated by his very active participation in a number of community organizations as a Board Member and volunteer. Such participation including serving on the following local non-profit organization boards:

- Black Family Development, Inc., former Treasurer
- Booker T. Washington
- Detroit Youth Foundation, Inc., former Treasurer
- Franklin-Wright Settlements, former Treasurer and President
- National Association of Black Accountants (NABA), former Treasurer and President
- The Arts League of Michigan, Treasurer

The above experiences and training represent a brief summary and the foundation for the formation of Randy K. Lane, P.C., Certified Public Accountants. The Firm is committed to the local community, allowing for the empowerment of its residents and businesses.

In keeping with the traditions learned while at Arthur Andersen, Client Service represents our single focus; whereas customer satisfaction is the primary focus and basis for determining success. Growth in the number of employees and profitability are secondary. Accordingly, our Firm will base its success on the number of positive client experiences and references that we attain, and which will form the building blocks for its future success.

Goals and Objectives of Firm

Complete customer satisfaction represents our Firm's primary goal and objective.

A focus on Client Service and customer satisfaction is how we start each engagement and measure our success. Our goal is to attain a high level of customer satisfaction through various means, including the following:

- Understanding our Client's needs;
- Knowing and documenting Client's expectations;
- Assigning the right staffing resources;
- Training and supervising staff; and most importantly
- Maintaining our commitment "to do what it takes" to gain positive Client feedback.

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

The process for attaining success begins with gaining a clear understanding of the Client's expectations, whether stated or implied. Such understanding is generally documented in our specific job arrangement letter, which is drafted by Lane-CPA and signed and acknowledged by the Client. This document provides a high-level road map to success.

During the process of drafting the job arrangement letter, we make it our job to truly know the expectations of the Client. This knowledge is formed through our discussions with key Client staff, but also from our twenty (20) year plus experience of providing professional services to our Clients. Soft items such as knowing what is truly most important to the Client (e.g., timing of issuance vs. quality of disclosure, cost, etc.) and ensuring that this knowledge is translated into our delivery.

Generally, as the old saying goes, "where you focus and measure, is where you will have success." Accordingly, as a management tool, we measure customer satisfaction and Client feedback at the close of each engagement. Comments obtained at this stage of each project provides a basis for continuous improvement and our basis for determining success.

As our Firm is relatively new, we will hire new staff to join our team as our practice develops. For this project, we expect our Key Personnel listed in this document to be "hands on" and leverage our knowledge and experience by partnering with existing City of Detroit Staff. However, as the need arises, we will not hesitate to bring on additional new staffing to achieve the stated goals and objectives for each project. Again, our primary focus will be on your satisfaction, and which is how we will direct our efforts.

Consistent with our Firm's foundation, we are committed to providing opportunities for Detroiters. As such, we will seek out Detroiters to meet your project expectations and provide greater job opportunities for our community.

Offered Services – Scope of Work

As outlined in the RFQ, the *Scope of Work* for this project is as follows:

- Position papers
- CAFR quality assurance
- Accounting support
- Financial statement notes and support

Lane-CPA is uniquely qualified to meet the above requirements due to our education, training, experience and again, our passion for serving our community. Randy K. Lane, our managing director, in his previous 20-year plus experience of serving the City of Detroit and various other for-profit and non-profits organizations has demonstrated success on all fronts.

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

Rather than to expand on this subject with further narrative, may we please offer the following selected references:

<u>Client and contact</u>	<u>Type of service provided</u>	<u>Telephone number</u>
City of Detroit - Roger Short Finance Director	Audit of the City of Detroit, including assisting numerous City Departments complete their financial statements in order to meet the timelines for issuing the CAFR.	(313) 224-3491
City of Detroit - Robert Blaskowski Former Finance Staff	Led in the development of the software (Microsoft Excel Spreadsheet) first used by the City in 1995 to prepare its fiscal year 1995 CAFR.	(586) 781-2545
Detroit Department of Transportation - Norman White Director	Led the audits of DDOT during the years 1992 to 2002, and subsequent consulting projects since the end of those audit periods.	(313) 833-7670

In addition to the *Scope of Work* outlined in your RFQ, our Firm is uniquely qualified to assist the City in providing services in the areas of Risk assessments and Internal Controls design and implementation. These services could assist in the development of processes and procedures that would prevent errors and omissions from occurring in the first place. Our previous experience with the City and other organizations makes us uniquely qualified to deliver these services as well.

Billing and Staffing Practices

Consistent with the established management advisory and consulting rate structure for our Firm, our fees will be based on the specific hours to complete the work described above, using the following billing rates:

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

Director	\$ 160
Manager	\$ 135
Senior	\$ 90
Experienced Staff	\$ 75
Staff	\$ 50

Billings for professional service shall be made twice a month, occurring approximately on the 1st and 16th of each month. Each billing shall be based on the actual hours incurred under to the aforementioned *Scope of Work*, during the billing date's preceding period. Payment of each billing is expected within 30 days of City's receipt.

The City and Lane-CPA are not joint employers for any purpose of this project. Lane-CPA will determine how to staff its services; subject to the City's review and acceptance of estimated costs. Lane-CPA reserves the right to replace or reassign its staff as necessary, subject to the provision pertaining to estimated costs to the City.

During the term of any project(s), and for six months following its termination, the City shall not employ, solicit or make any offers to employ any Lane-CPA staff used by Lane-CPA in the performance under this project, without the prior written consent of Lane-CPA. Lane-CPA shall be entitled, in addition to any other remedies it may have under law or in equity, to a payment from the City in an amount equal to one-year's salary of any Lane-CPA staff the City employs, solicits or offers to employ in violation of this paragraph.

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

PERFORMANCE HISTORY

Similar Projects

The following represents a sample of Specific Experiences our Key Personnel has had with the City of Detroit and Other Large Governments:

<u>Client</u>	<u>Project</u>
City of Detroit	Led the conduct of the annual audit examination of the City's CAFR during the fiscal years 1992 through 1995, including overseeing the entire process and managing the adherence to projected timelines. In 1994, we developed a series of Microsoft Excel Spreadsheets that then first automated the preparation of the CAFR financial statements combining process. Even after losing the overall City's Audit contact in 1996, the Finance Department contracted with us to consult with new auditors to complete the 1996 audits.
City of Detroit - Municipal Parking Dept.	Led the conduct of the 1992-1995 annual audits for this Department, which generally involved assisting management in closing its books prior to beginning the audit. Such support was necessary for the overall City's CAFR development to meet timeliness and quality expectations.
City of Detroit - Water and Sewerage Dept.	Led the conduct of the 1994 and 1995 annual audits for this Department, which generally involved assisting management in closing its books to prior beginning the audit. Such support was necessary for the overall City's CAFR development to meet timeliness and quality expectations.

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

City of Detroit – Dept. of Transportation	Led the conduct of the 1992-2002 annual audits for this Department. In addition to providing audit services, we assisted management 2004 by writing position papers that successfully prevented the State of Michigan from recapturing several hundred thousand dollars in one case.
---	--

City of Detroit – Airport	Led the conduct of the 1992-1995 annual audits for this Department, which generally involved assisting management in closing its books prior to beginning the audit. Such support was necessary for the overall City's CAFR examination to meet timeliness and quality expectations.
---------------------------	--

Detroit Practice and Key Personnel

Our Firm is based in Detroit. We are a full services firm, offering audits, bookkeeping, tax and other management advisory services.

The Key Personnel that will lead the delivery of services envisioned within this RFP are as follows:

Key Personnel

Responsibility

Randy K. Lane, CPA

Overall responsibility for this project, including addressing all areas of directly related to Client Service expectations and satisfaction. Mr. Lane will also address issues pertaining to project scope development, work program planning and development, supervision and quality reviews.

Eric S. Higgs, CPA

Mr. Higgs will manage day-to-day work flow efforts, overseeing the execution of the work program(s), Lane-CPA staff and City Personnel training and supervision, and engagement administration.

Resumes of the Key Personnel listed above are shown as Exhibits to this document.

CITY OF DETROIT
FILE NUMBER 19632

REQUEST FOR QUALIFICATIONS
FOR ACCOUNTING SERVICES AND SUPPORT

Terminated Contracts

None.

Law Suits Against Practice

Since our inception, we have not been a party to a claim or lawsuit against the Firm.

ATTACHMENT V

City of Detroit
Finance Administration

To: Audrey Jackson *MS* Date: 11/14/2006
From: Michael D. Bridges Phone: 224-6957
Chief Accounting Officer Fax: 224-4466
Room: Suite 801 CAYMC

<input checked="" type="checkbox"/> For your information	<input type="checkbox"/> For your approval/signature
<input type="checkbox"/> Please call me	<input type="checkbox"/> Prepare reply
<input type="checkbox"/> For action as required	<input type="checkbox"/> Per our conversation
<input type="checkbox"/> Please investigate	<input type="checkbox"/> For your files
<input type="checkbox"/> Please comment	<input type="checkbox"/> Per your request/inquiry
<input type="checkbox"/> Please review & advise	<input type="checkbox"/> For your recommendation
<input type="checkbox"/> Forward to: _____	<input type="checkbox"/> Bring me up to date

Subject: **WAIVING OF INSURANCE CERTIFICATE FOR RANDY K. LANE, P.C.,
CPA PROFESSIONAL SERVICES CONTRACT**

Remarks: Roger Short and I on behalf of the Finance Department waive the insurance certificate for the Randy K. Lane Professional Services contract. Mr. Randy K. Lane of Randy K. Lane, P.C. informed us that he does not have any employees currently working for him. He has only contractors. Also, he is currently leasing a facility. Therefore, no insurance in the categories defined in the standard contract language is applicable. The law department was apprised of our decision after their approval. Therefore, they indicated that we need to present our decision position in writing.

Thank you.

Attachment II

Questions Prepared by Fiscal Analysis on Wednesday, April 2, 2008

1. In reviewing the amendment we looked at DRMS and see that since Nov. 2006 when the contract for \$110,000 was approved, Randy Lane has received \$265,506 in payments (that includes a recent \$10,941 payment that is in process). Does this mean Randy Lane received \$155,506 in unauthorized payments? If not, show us the authorization.

Yes. Both Randy Lane, P.C. and Wolinski were pay in excess of their respective contracts by way of the "Confirming Purchase Orders." That practice has been discontinued, as Finance will address some of the broader issues in insuring timely payment for services provided as well as proper authorization for payment.

2. Is the \$350,000 amendment in addition to the \$265,506 he has already received? The amended scope of services would make me think yes.
Yes.

3. How many accountant work hours are in the \$265,506? Not management, not support staff. This all for the 05/06 CAFR correct?

Approximately 1600 work hours were provided. Yes, the majority of the billed amounts to date were related to the 2005-06 CAFR.

4. This is a related issue - Wolinski & Co. - the other accounting firm you've hired to help close books for the audit and to complete the CAFR. They had an original contract in Nov. 2006 of \$250,000 and an amendment in July 2007 of \$250,000 for a total of \$500,000.
To date, this vendor has received \$564,575 in payments since November of 2006. Does this mean that Wolinski received \$64,575 in unauthorized payments?

Yes, as noted in response number one.

5. How many accountant work hours are in the \$564,575? Not management, not support staff.

If this were an equal event principal position the total hours would amount to 6.7 years of one FTE. However that is not a valid comparison as many of the hours provided by Wolinski were for services that the City did not have staff available, e.g., Manager II for Financial Reports. Also many of the issues addressed by Mr. Lane, and Wolinski were at a much higher technical level for example the POC refinancing transaction.

For the 2006-07 audit Mr. Lane will be providing quality control review of the documents that the City will provide to KPMG. In addition he will be responsible for insuring the quality of the City's CAFR prior to submission to KPMG.

6. The contract amendment in July was really to cover preparation for the 2007 audit, but it is our understanding that all work paid for was for the 05/06 CAFR.

Yes, the payments reflect work on the 2005-06 CAFR.

7. When will you be coming to Council for another amendment for Wolinski?

At this point no decision has been made to utilize Wolinski.

8. Are there any other contractual service contracts out there for yearend closing preparation?

No.

9. You have spent \$830,081 in contractual services to close the 2005-2006 financials. Yet many of the scope of services responsibilities, dovetail with the exceptions that KPMG included in the management letter. It would seem that the contractors did not complete the tasks required. How can you justify these payments?

Both vendors were hired to address exceptions and issues identified by the City and KPMG that were raised in the 2004-05 CAFR audit. For example, issues with the accounting for Capital Assets and Construction Work in Progress; GASB 14-support of the City's reporting entity; GASB 40 – Cash and Investments, and other footnote support, as well as the recording of the refinancing of the POC transaction. Some of the findings raised in the 2005-06 will be addressed in the 2006-07 CAFR audit.

10. You will most likely spend the same for the next 2 CAFRS or more, unless there is a new plan or method for getting this work finished. Where is this budgeted?

Funds for additional accounting services will be budgeted in Finance.

11. Is anyone looking at the possibility of hiring accountants directly? Do we really need to be paying for more managers, when our managers are in place?

Yes. However, we still we need to retain outside accounting services until the City's staffing needs are met and the required training is provided.

Anne Marie Langan
Deputy Fiscal Analyst

City of Detroit
City Council Fiscal Analysis Division
313.224.1078 phone
313.224.2783 fax
anne@cncl.ci.detroit.mi.us

Attachment III

CITY OF DETROIT
FINANCE DEPARTMENT

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVE., SUITE 1200
DETROIT, MICHIGAN 48226
PHONE: 313-224-3491
FAX: 313-224-4466
WWW.C1.DETROIT.MI.US

April 8, 2008

To: Shelia Cockrel,
Chair, Budget, Finance And Audit Standing Committee

From: Norman White *NW*
Chief Financial Officer

Re: Confirming P.O. Process

In discussions with Mr. Irvin Corley, Fiscal Analyst we both agreed that there is a legitimate role for the use of confirming purchase orders. We also agreed restrictions need to be in place on how they are used.

In that regard the Finance Department's purchasing division will implement the following. Only Confirming purchase orders will be submitted to Council that represent requests for payments, not to "confirm" payments already made. In addition each Department requesting the confirming purchase order must indicate when an amended contract request will be submitted to City Council for approval.

Finally, during the next three weeks the Finance Department will draft a Finance Directive authorizing procedures to be implemented regarding the Confirming purchase order process. I will commit to an issue date no later than the week of April 21st.

I believe this process respects City Council's authority, as well providing a mechanism to pay vendors to insure their timely delivery of services to the Departments.

PROFESSIONAL SERVICE CONTRACT TRANSMITTAL RECORD

Insurance Requirement

ACCOUNTS PAYABLE WILL HOLD UP ALL CONTRACT PAYMENTS UNTIL ALL INSURANCE CERTIFICATES/POLICIES REQUIRED UNDER THE CONTRACT HAVE BEEN RECEIVED. CONTRACTORS SHOULD BE MADE AWARE OF THIS REQUIREMENT.

CHANGE ORDER #

STANDARD PO NUMBER

CONTRACT PO NUMBER 272562

272562

REVISION

REVISION

TYPE OF CONTRACT: (Check One)

- ☐ CONSTRUCTION/DEMOLITION ☐ LEASE ☐ DEED
☒ PROFESSIONAL SERVICES

DEPARTMENT HEAD'S SIGNATURE



DEPARTMENT FINANCE

FUNDING SOURCE (Percent)

FEDERAL % STATE % CITY 100% OTHER %

DEPARTMENT CONTACT PERSON
MICHAEL BRIDGESPHONE NO.
224-6957

CONTRACTOR'S NAME: RANDY K. LANE, P.C., C.P.A.

DATE PREPARED
11/3/06CONTRACTOR'S ADDRESS: 719 GRISWOLD-SUITE 820
DETROIT, MI 48226

ENGINEER'S ESTIMATE ☐ CONTRACT ☐ CHANGE ☒
 TOTAL CONTRACT AMOUNT \$110,000
 TOTAL CPO AMOUNT \$460,000
 CHANGE AMOUNT \$350,000

PHONE NO. (313) 961-1181

☒ CORPORATION ☐ PARTNERSHIP ☐ INDIVIDUAL

FEDERAL EMPLOYER/SOCIAL SECURITY NUMBER: 30-0127880

MINORITY FIRM ☒ YES ☐ NO

PURPOSE OF CONTRACT: PROVIDE ACCOUNTING SERVICES FOR PREPARATION OF CITY'S CAFR-

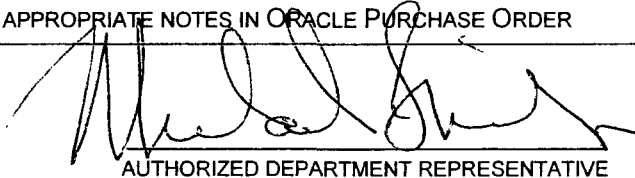
CHARGE ACCOUNT: 1000 - 230130 - 000078 - 617900 - 00245 - 00000 - A

TIME & DATE IN

APPROVER MUST ALSO MAKE APPROPRIATE NOTES IN ORACLE PURCHASE ORDER

TIME & DATE IN

REQUESTING DEPARTMENT



AUTHORIZED DEPARTMENT REPRESENTATIVE

BUDGET

- ☒ RECOMMEND APPROVAL
☐ RECOMMEND DENIAL



BUDGET DIRECTOR OR DEPUTY

GRANT MANAGEMENT SECTION

- ☐ RECOMMEND APPROVAL
☐ RECOMMEND DENIAL

GRANT ACCOUNTANT

FINANCE DEPARTMENT

- ☐ RECOMMEND APPROVAL
☐ RECOMMEND DENIAL

RECEIVED
 MAR 11 2008
 CITY OF DETROIT

FINANCE DIRECTOR OR DEPUTY

LAW DEPARTMENT

- ☒ RECOMMEND APPROVAL
☐ RECOMMEND DENIAL

CONTRACTS SECTION
 LAW DEPARTMENT




CORPORATION COUNSEL

PURCHASING DIVISION

PURCHASING DIRECTOR

CITY COUNCIL APPROVAL JCC REFERENCE: PAGE _____ DATE _____

City of Detroit
Finance Administration

To: Medina Noor-Purchasing
From: Michael D. Bridges 
Chief Accounting Officer

Date: 3/17/2008
Phone: 224-6957
Fax: 628-2717
Room: Suite 801 CAYMC

<input checked="" type="checkbox"/> For your information	<input type="checkbox"/> For your approval/signature
<input type="checkbox"/> Please call me	<input type="checkbox"/> Prepare reply
<input type="checkbox"/> For action as required	<input type="checkbox"/> Per our conversation
<input type="checkbox"/> Please investigate	<input type="checkbox"/> For your files
<input type="checkbox"/> Please comment	<input type="checkbox"/> Per your request/inquiry
<input type="checkbox"/> Please review & advise	<input type="checkbox"/> For your recommendation
<input type="checkbox"/> Forward to: _____	<input type="checkbox"/> Bring me up to date

Subject: **WAIVING OF INSURANCE CERTIFICATE FOR RANDY K. LANE PC
PROFESSIONAL SERVICES CONTRACT**

Remarks: Norman White and I on behalf of the Finance Department waive the insurance certificate for Randy K. Lane Professional Services Contract. Mr. Randy K. Lane of Randy K. Lane, P.C., informed used that he does not have any employees currently working for him, only contractors. He is also currently leasing a facility. Therefore, no insurance in the categories defined in the standard contract language is applicable. The Law Department was apprised of our decision prior to their approval and they have indicated that we present our position on the above in writing.

Thank you.

03MAR19 11:56
CITY OF DETROIT
FINANCE DEPARTMENT
PROPERTY DIVISION

**CITY OF DETROIT
AMENDMENT AGREEMENT NO. 1
TO CONTRACT NO. 2722562**

THIS AMENDMENT AGREEMENT NO. 1 is entered into by and between the City of Detroit, a Michigan municipal corporation, acting by and through its Finance Department ("City"), and RANDY K. LANE, P.C., CPA, a Michigan corporation, with its principal place of business located at 719 Griswold, Suite 820, Detroit, MI 48226.

WITNESSETH:

WHEREAS, the City has engaged the Contractor to provide certain services ("Services") to the City; and

WHEREAS, the City and the Contractor have entered into a Contract reflecting the terms and conditions governing the subject engagement; and

WHEREAS, the Contract permits the parties to amend the Contract by mutual agreement; and

WHEREAS, it is the mutual desire of the parties to enter into this Amendment to amend the Contract as set out in detail in the following sections;

NOW, THEREFORE, in consideration of the foregoing, and of the benefits to accrue to the parties from this Amendment, the parties agree that this Contract is amended as follows:

**1. AMENDMENT TO SECTION 7
COMPENSATION**

1.01 Section 7.01, which now reads:

Compensation for Services shall not exceed the amount of Four Hundred Sixty Thousand and 00/100 Dollars (\$460,000.00), inclusive of expenses, and will be paid in the manner set forth in Exhibit B. Unless this contract is amended pursuant to Section 16, this amount shall be the entire compensation to which the Contractor is entitled to for the performance of Services under this Contract.

Is amended to read:

Compensation for Services shall not exceed the amount of Four Hundred Sixty Thousand and 00/100 Dollars (\$460,000.00), inclusive of expenses, and will be paid in the manner set forth in Exhibit B. Unless this contract is amended pursuant to Section 16, this amount shall be the entire compensation to which the Contractor is entitled to for the performance of Services under this Contract.

2. AMENDMENT TO EXHIBIT A

Exhibit A of the Contract is amended by deleting the existing language and by substituting the attached First Amended Exhibit A in its place.

4. AMENDMENT TO EXHIBIT B

Exhibit B of the Contract is amended by deleting the existing language and by substituting the attached First Amended Exhibit B in its place.

5. EFFECT OF AMENDED TERMS ON THE REMAINING PROVISIONS OF THE CONTRACT

5.01 With the exception of the provisions of the Contract specifically contained in this Amendment, all other terms, conditions and covenants contained in the Contract shall remain in full force and effect and as set forth in the Contract.

6. AMENDMENT AUTHORIZATION

6.01 This Amendment to the Contract shall not become effective until:

- (a) The Amendment has been approved by the required City departments;
- (b) The Amendment has been authorized by resolution of the City Council; and
- (c) The Amendment has been signed by the City's Purchasing Director.

Prior to the approvals set forth in this Section, the Finance Director shall not authorize any payments to the Contractor pursuant to this Amendment, nor shall the City incur any liability to pay for any services or to reimburse the Contractor for any expenditure authorized by this Amendment.

IN WITNESS WHEREOF, the City and the Contractor, by and through their duly authorized officers and representatives, have executed this Amendment.

WITNESSES:

1. [Signature]
(signature)
Richard Drumb
(print name)

2. [Signature]
(signature)
Jennifer Davis
(print name)

CONTRACTOR:

BY: [Signature]
(signature)
Randy K. Lane
(print name)

ITS: Pres. Sent
(title)

WITNESSES:

1. [Signature]
(signature)
Richard Drumb
(print name)

2. [Signature]
(signature)
Troy Hutcherson
(print name)

CITY OF DETROIT
DEPARTMENT:

BY: [Signature]
(signature)
Michael D. Bridges
(print name)

ITS: Chief Accounting Officer
(title)

**THIS AMENDMENT WAS APPROVED
BY THE CITY COUNCIL ON**

**APPROVED BY LAW DEPARTMENT
PURSUANT TO SECTION 6-406 OF THE
CHARTER OF THE CITY OF DETROIT**

Purchasing Director

Date

[Signature]
Corporation Counsel

3-17-08
Date

**THIS AMENDMENT IS NOT VALID OR AUTHORIZED UNTIL APPROVED BY
RESOLUTION OF THE CITY COUNCIL AND SIGNED BY THE PURCHASING
DIRECTOR.**

FIRST AMENDED EXHIBIT A
SCOPE OF SERVICES

1. NOTICE to PROCEED

The Contractor shall commence performance of this Contract upon receipt of the City's delivery of a written "Notice to Proceed" and in the manner specified in the Notice to Proceed. The term of the contract shall begin on the date of the approval of the original contract by the City Council, November 17, 2006 and shall extend for two years thereafter, through November 17, 2008.

II. Services to be Performed

Project Description:

Scope of Services

- Assist the City's Director of Finance in the areas of the City-wide accounting control and reporting and implementation of processes and practices designed to improve financial control over and efficiency in use of City assets.
- Assist City staff in the preparation for the annual audit of various Proprietary Funds, including, but not limited to, the Municipal Parking Fund, Transportation Fund, Sewage Disposal Fund, Water Fund and Airport Fund. Such assistance shall include assisting in closing the books for fiscal year end June 30, 2007; preparing necessary audit support schedules; and discussion with the financial statement external auditors.

See Exhibit I – Sample of Audit Schedules that Lane-CPA may assist and/or prepare in connection with the fiscal 2007 audit.

- Assist City staff in the overall management of the external audit of all funds of the City; including assisting in managing communications with the external auditors with the goal identifying enhanced audit efficiencies and adherence of a scheduled timeline, which is yet to be determined.

Other professional advisory services shall be provided on an as needed basis.

During the course of your work, matters may come to your attention that might warrant the performance of additional or expanded procedures. Should any such matters come to your attention, you will promptly discuss the matter with the City in order for an assessment that may call for additional or expanded work.

The work that has been requested to perform is to begin at the earliest possible date, and complete City staff support necessary to ensure success of this engagement will be made available. From the start of the engagement, the City will provide oral updates of matters of importance and our thoughts to resolve such issues. The decision as to whether to accept any recommendations as a result of the procedures described above lies solely with the City.

The City shall be fully and solely responsible for applying independent business judgment with respect to the services and work product provided by Lane-CPA, to make implementation decisions, if any, and to determine further courses of action with respect to any matters addressed in any advice, recommendation, financial report or other work product or deliverables to the City.

Project Objective/Deliverables

Provide accounting support to enterprise agencies, select component units, and finance department personnel including:

- Trial balance as of and for the year ended June 30, 2007 (Net assets need to roll forward from the prior year).
- Balance Sheet, income statement, and cash flow statement in the CAFR format with reconciliation to the trial balance.
- Balance sheet and income statement comparing June 30, 2007 to June 30, 2006 and a detailed explanation on major fluctuations.
- Notes for the financial statements.
- Account reconciliation to support all amounts in the trial balance.
- A list of all cash and investment accounts (with contact information for confirms) with their corresponding year-end balance.
- Bank and investment statements as of June 30, 2007 with reconciliation.
- GASB 40 support
- Daily Car Park Reports with corresponding deposit slips. (KPMG will select a sample). Daily Car Park Reports need to reconcile to the trial balance.
- A listing of AGED accounts receivable by customer and reconciliation to the trial balance.
- Revenue Analysis work papers for the fiscal year by type of revenue (rent, CTSE, Arena, etc.)
- A list of prepaid expenses and other assets.
- Payroll ledgers by employee and time period for the entire year. The total payroll registers need to be reconciled to the trial balance.
- Listing of Purchase Orders issued for the fiscal year (KPMG will select a sample).
- Listing of Invoices and corresponding receivers (KPMG will select a sample).
- Accounts payable sub ledger with a reconciliation to the trial balance.
- Check registers subsequent to year-end to the date KPMG is in the field.
- Listing of all accrued expenses and support for those accruals.
- Roll forward of long term debt by debt issue. This includes additions (if any) and payments.

- Listing of future debt service obligations by year.
- Support for accrued interest payable.
- Bond discount/premium roll forward by debt issue with calculation for current year amortization.
- Bond issuance cost roll forward by debt issue with calculation for current year amortization. A separate analysis needs to be prepared comparing recorded accumulated amortization on the straight-line basis verse amortization calculated using an effective interest method.
- CWIP Schedule as of 6-30-07. This should roll forward each individual project from 6/30/06 to 6/30/07 showing additions and transfers to depreciable assets. There should be a detailed explanation for each project explaining what it is, the percent complete, and why it is not transferred into depreciable assets.
- Schedule of assets that have been transferred from Capital WIP to Fixed Assets.
- List of capitalized interest (if any).
- Fixed asset roll forward which has a beginning balance that ties to prior year CAFR, additions, disposals, and ending balance.
- Details list by asset of depreciation expense and accumulated depreciation as of June 30, 2007 of each class of assets
- Detail sub ledgers to support all current year fixed asset additions and disposals.
- Land and Improvement, Entertainment Facilities, Site Prep and Parking Facilities, Service Devices general ledger as of year-end
- Listing of Attorneys.
- Listing of Contractors for the year 2006-2007.
- Listing of Concession and Suite Lease Payments as of 6/30/07.
- Due to and Due from Schedule 6/30/07 that is aged.
- Schedule of accrued compensated absences, accrued pension & employee benefits.
- Support for accrued compensated absences.
- Detailed listing of all journal entries made for the entire year (both manual and system generated) including post-closing entries.
- GASB 42 Analysis for impairment of capital assets

FIRST AMENDED EXHIBIT B
FEE SCHEDULE

I. General

- (a) The Contractor shall be paid for those services performed pursuant to the Contract a maximum amount of Four Hundred Sixty Thousand and 00/100 Dollars (\$460,000.00) for the two-year period of the contract, beginning on the date of approval of the original contract, November 17, 2006, by the City Council and extending through November 17, 2008.

Payment for the proper performance of the Services shall be contingent upon receipt by the City of invoices for payment. Each invoice shall certify the total cost, itemizing costs when applicable. Each invoice must be received by the City not more than thirty (30) days after the close of the calendar month in which the services were rendered and must be signed by an authorized officer or designee of the Contractor.

II. Project Fees/ Billing

RANDY K. LANE P.C., will provide services on an hourly, as needed basis and will submit invoices for services rendered semi-monthly in compliance with an anticipated Purchase Order issued by the City of Detroit Purchasing Department.

The following fee schedule and provisions shall apply to all invoices and work set forth under Exhibit A:

Fee Schedule

Consistent with Lane-CPA's established management advisory rate structure, as discounted for government assignments, fees will be based on the specific hours to complete the work described above at the following billing rates:

Director	\$ 180
Manager	\$ 148
Senior	\$ 99
Experienced Staff	\$ 82
Staff	\$ 55

Billings for professional service shall be made twice a month, occurring approximately on the 1st and 16th of each month. Each billing shall be based on the actual hours incurred under to the aforementioned *Scope of Services*, during the billing date's preceding period. Payment of each billing is expected within 10 days of the City's receipt.

CITY ACKNOWLEDGMENT

STATE OF MI)
)SS.
COUNTY OF WAYNE)

The foregoing contract was acknowledged before me the 20th day of FEBRUARY,
20 08, by MICHAEL D. BRIDGES
(name of person signing the contract)
the CHIEF ACCOUNTING OFFICER
(title of person who signed the contract as it appears on the contract)
of Finance Department
(complete name of the City department)

on behalf of the City.

Jennifer J. Davis
Notary Public, County of Wayne

State of Michigan

My commission expires: October 20, 2014

JENNIFER J. DAVIS
Notary Public - Michigan
Wayne County
My Commission Expires October 20, 2014

CORPORATE ACKNOWLEDGMENT

STATE OF Michigan
COUNTY OF Wayne)SS.

The foregoing contract was acknowledged before me the 19 day of February,
2008, by Randy K. Lane
(Randy K. Lane)
the PRESIDENT
(title of person who signed the contract as it appears on the contract)
of Randy K. Lane, P.C.
(complete name of the corporation)

on behalf of the Corporation.

Jennifer J. Davis
Notary Public, County of Wayne
State of Michigan
My commission expires: October 14, 2014

JENNIFER J. DAVIS
Notary Public - Michigan
Wayne County
My Commission Expires October 20, 2014

CORPORATION CERTIFICATE OF AUTHORITY

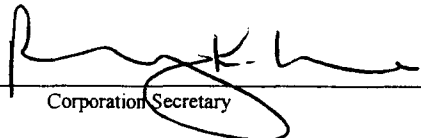
I, RANDY K. LANE, Corporate Secretary of
RANDY K. LANE, P.C., a MICHIGAN
(name of corporate secretary) (complete name of corporation) (state of incorporation)
PROFIT corporation (the "Corporation"), **DO HEREBY CERTIFY** that the
(non-profit or for profit)
following is a true and correct excerpt from the minutes of the meeting of the Board of Directors
duly called and held on JAN 1 2008, and that the same is now in full force and effect
(date of meeting)

"**RESOLVED**, that the Chairman, the President, each Vice President, the Treasurer, and the Secretary and each of them, is authorized to execute and deliver, in the name of and on behalf of the Corporation and under its corporate seal or otherwise, any agreement or other instrument or document ('Contract') in connection with any matter or transaction that shall have been duly approved; and the execution and delivery of any Contract by any of the aforementioned officers shall be conclusive evidence of such approval."

FURTHER, I CERTIFY that _____ is Chairman,
RANDY K. LANE is President,
_____ is (are) Vice President(s),
_____ is Treasurer,
RANDY K. LANE is Secretary,
_____ is Executive Director, and
_____ is _____.

FURTHER, I CERTIFY that any of the aforementioned officers or employees of the Corporation are authorized to execute and commit the Corporation to the conditions, obligations, stipulations and undertakings contained in Contract No. _____ between the City and the above-referenced Corporation and that all necessary corporate approvals have been obtained in relationship thereto.

IN WITNESS THEREOF, I have set my hand this 19 day of FEBRUARY, 2008
CORPORATE SEAL
(if any)


Corporation Secretary

PLEASE NOTE THAT THE PERSON WHO SIGNS THE CONTRACT ON BEHALF OF YOUR CORPORATION MUST BE ONE OF THE INDIVIDUALS LISTED ABOVE AS A PERSON AUTHORIZED TO EXECUTE CONTRACTS IN THE NAME OF AND ON BEHALF OF THE CORPORATION.

REQUEST FOR INCOME TAX CLEARANCE

REQUESTING DEPARTMENT/DIVISION: Finance CONTACT: Mike Bridges PHONE: 224-69573

Type of Clearance: ☐ New ☒ Renewal (Please submit 30 days prior to submitting bid or expiration date)

A. To: City of Detroit
Income Tax Division
Coleman A. Young Municipal Center
2 Woodward Avenue, Ste. 512
Detroit, MI 48226

For: Individual
or Company Name Randy K. Lane, P.C.

Address 719 Griswold, Suite 820

Phone: (313) 224-3328 or 224-3329
Fax: (313) 224-4588

City Detroit

State MI Zip Code 48226

Telephone 313-961-1181 Fax # 313-961-1182

B. Name of Chief Financial Officer/Authorized Contact Person
(include address if different from above)

Randy K. Lane

Telephone # 313-961-1181

Fax # 313-961-1182

Employer Identification or Social Security Number 30-0127880

Spouse Social Security Number n/a

Nature of Contract: Professional Services

\$ n/a

BID/CONTRACT AMOUNT (if known):
Labor: \$ 460,000 Material:

2722562

Contract # (if known)

C. ALL QUESTIONS MUST BE ANSWERED TO EXPEDITE APPROVAL PROCESS. ANY QUESTION NOT ANSWERED MAY RESULT IN A DENIAL OF INCOME TAX CLEARANCE

Check One: ☐ Individual ☒ Corporation ☐ Partnership

INDIVIDUALS ANSWER QUESTIONS 1,2,3,4.

1. Have you filed joint returns with spouse during the last seven (7) years? (If yes, include spouse SSN above) ☐ Yes ☐ No
2. Are you a student, and/or claimed as a dependent on someone else's tax return? ☐ Yes ☐ No
3. Were you employed during the last seven (7) years? ☐ Yes ☐ No
4. Were you a resident of Detroit during the last seven (7) years? ☐ Yes ☐ No

CORPORATIONS AND PARTNERSHIPS ANSWER QUESTIONS 5,6,7.

5. Is the company a new business in Detroit? If yes, attach Employer Registration (Form DSS-4). ☐ Yes ☒ No
6. Will the company have employees working in Detroit? ☐ Yes ☒ No
7. Will the company use sub-contractors or independent contractors in Detroit? ☐ Yes ☒ No

Has the contractor complied with the provisions of the City Income Tax Ordinance?

☒ Yes ☐ No Signature VALERIE HAGENS Date MAR 19 2008 Expires MAR 19 2009

☐ Yes ☐ No Signature _____ Date _____ Expires _____

☐ Yes ☐ No Signature _____ Date _____ Expires _____

PURCHASING DIVISION
VENDOR CLEARANCE REQUEST

Submit to: Revenue Collections
Purchasing Vendor
1012 Coleman A. Young Municipal Center
Detroit, MI 48226
(313) 224 - 4087 (Telephone)
(313) 224 - 4238 (Fax)

REVENUE COLLECTIONS
APPROVED
CONTRACT CLEARANCES

Nature of Contract Professional Services
Contract Amount \$460,000

Business Type: ☒ Corp ☐ Partnership ☐ Sole Proprietorship ☐ Personal Services

Business Name Randy K. Lane, P.C.

Business Address 719 Griswold, Suite 820, Detroit, MI 48226

Ward/Item # _____

F.I.D. NO. _____

City Personal Property I.D. # _____

Owner(s) Name Randy K. Lane, P.C.

Owner(s) SS# 30-0127880

Contact Person Randy K. Lane
Phone Number 313-961-1181

Owner(s) Home Address _____ ☐ Lease ☐ Own

Please do not write below this line for department use only.

<u>Real Property</u>	<u>Special Assessment</u>	<u>Personal Property</u>	<u>Other Receivable</u>
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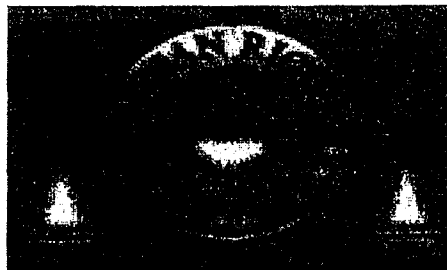
<input type="checkbox"/> Denied	<input type="checkbox"/> Denied	<input type="checkbox"/> Denied	<input type="checkbox"/> Denied
<input checked="" type="checkbox"/> Approved	<input checked="" type="checkbox"/> Approved	<input checked="" type="checkbox"/> Approved	<input checked="" type="checkbox"/> Approved

Comments: _____

Please mail, fax or drop off this Vendor Request Form to the Revenue Collection Unit at the address indicated above. You will responsible for keeping the clearance and submitting a photocopy to Purchasing with your bid package.

Ophelia Cunningham 3/19/08
Signature (City of Detroit) Date

AUG 31 2008
Expiration Date



CITY OF DETROIT
HUMAN RIGHTS DEPARTMENT
EQUAL OPPORTUNITY DIVISION

Certifies That

RANDY K. LANE, P.C
719 GRISWOLD, STE. 820
DETROIT, MI 48226

has submitted all required affirmative action compliance documents to the City of Detroit's Affirmative Action Division.
Unless this certification is revoked, this company is eligible to bid for and be awarded City of Detroit contracts.

This Certification will expire on: 10/02/08

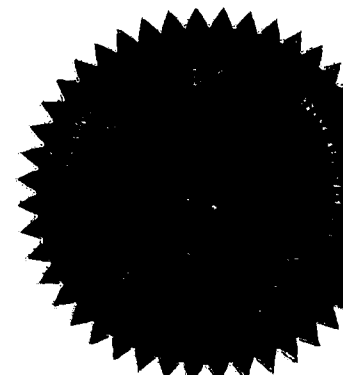
Gerard H. Phillips

Gerard Grant Phillips, Director

October 2, 2007

Date

KWAME M. KILPATRICK, MAYOR





DETROIT BUSINESS CERTIFICATION PROGRAM

RANDY K LANE, P.C.

is certified as a *Minority-Owned Business Enterprise (MBE)* with the City of Detroit. Unless this certification is revoked, this company is eligible to bid for and be awarded City of Detroit Contracts as specified in Executive Order Number 2003-4.

This Certification will expire on: 10/06/08

Identification Number 058-06

Gerard H. Phillips

Gerard Grant Phillips, Director



Kwame M. Kilpatrick, Mayor

